

Who Got the Money?

By MARQUIS JAMES

III. CAMPS, POWDER, SHELLS, GUNS

Our sixteen National Army cantonments cost 206 million dollars—experts say they should have cost 128 million dollars. We spent \$827,450,000 for American-made shells—and fired 20,000 in battle. Altogether to outfit our wartime army we spent some fifteen billion dollars worth of public funds—your taxes. What became of it?

SAMPLE PROBLEMS FROM A PROFITEER'S ARITHMETIC (With Solutions)

A manufacturer has two contracts for the same product. In one he has to use government material, in the other his own. He used government material in both, pocketing the difference, of \$700,000.00.

A contractor purchasing supplies and delivering them upon his own contracts with the government was reimbursed on the basis of certificates made by a government inspector at the point of purchase.

The contractor substituted forged certificates for the originals furnished him by the inspector, thereby increasing the amount paid him by the government.

A contractor manufactured copper shell-bands from government material under a contract specifying that all scrap should become the contractor's property.

The contractor rolled the copper into sheets and punched out the circular bands like doughnuts. In this way each sheet yielded more scrap than it did metal for the shell-bands.

(From American Legion Weekly)

Historians are fond of the maxim that great oaks from little acorns grow. They revel in tracing large events to trifling beginnings which, in some mysterious way set in motion a chain of events which presently are to lead to the real thing.

Carlyle cites an occasion in 1775 when a band of starving wretches presented themselves at the gates of Versailles petitioning a revision of the corn laws. The current Louis listened with tolerance and amusement, muttered, "what nerve," and had a couple of the pertinent scallawags hanged on "new gallows forty feet high." All of which started the wheels under a train of happenings that drifted into what we know as the French Revolution which dispatched the old Louis, not to new gallows forty feet high, but to another well-conditioned instrument which did the work quite as well.

We have all read of the mad Serb student with an unpronounceable name who oiled up the old six-shooter and in an unspeakable Balkan town bumped off the visiting heir to the Austro-Hungarian throne and how this started the World War, the A. E. F. and Sergeant Samuel Woodfill on their respective careers.

Now, it transpires that back in 1919 a junior officer of the army, whose identity remains undisclosed at his personal request, was checking over certain transactions between the Ordnance Department and contractors who had received large sums of money for furnishing munitions to the army. The officer's researches developed that quantities of raw material which were the property of the government had been furnished manufacturers for use on their contracts and that the system of accounting then in force did not insure the return to the government of all such materials which might remain unused. In fact, there was good evidence that such materials to the value of hundreds of thousands of dollars actually had not been used or returned. The officer wrote a memorandum suggesting a procedure of accounting which he believed would be a paying proposition for the government.

The suggestion was adopted, and the War Department undertook a check of records looking towards a more accurate accounting of materials thus supplied contractors. When this work was under way it was found that in many cases supplies had been delivered and paid for which later inspection revealed to be worthless. So a separate activity was established to check deliveries and determine what contractors had been paid for useless products, and to request that they reimburse the government. Work on these two leads disclosed such startling losses that in June, 1920, the activity was broadened to embrace the systematic check of all War Department contracts. For this purpose the contract audit section of the finance department of the War Department was established.

Without Benefit of Publicity

No fanfare of publicity heralded the creation of this inquiring branch of the military service, which sent corps of experienced contract lawyers, auditors and accountants to the four corners of the country to

dove into the dusty files and musty archives which contain the million documented record of war's financial history. In fact, with such secrecy did they work that when mention of the contract audit section cropped out in the recent congressional broadside against the Department of Justice, which was charged with tardiness in prosecution of the war profiteers, not one person in a hundred in Washington officialdom knew what it was about. In the first authorized public statement ever made of the accomplishments of this organization, Brig. General Kenzie W. Walker, chief of finance of the army furnished the writer with these figures:

With only 17,000 out of the 150,000 war contracts audited approximately \$46,000,000 has been found to be due the United States from war contractors.

Of this sum \$15,138,000 has been collected and returned to the Treasury by the War Department.

Claims totaling \$4,400,000 have been referred to the Department of Justice and the general accounting office.

The balance of the \$26,000,000 is in process of effort at collection by the audit section. Collecting is a side-line with the audit section. Its job is to examine contracts and ascertain if money is due the government. This done, it writes the contractor, stating that an audit of the books reveals so-and-so and will be kindly kick-in. If the contractor is obliging that ends the incident. If he cares to carry on a little correspondence General Walker will accommodate, but after a reasonable exchange of views, if the contractor holds out, the case goes to the Department of Justice, when fraud is suspected, or to the general accounting office if it appears to be a simple case of a stubborn debtor.

We are accustomed to look upon the army as a sort of left-handed investment, paying dividends only in event of disaster we hoped to avoid, like fire insurance. The contract audit section, which is a part of the army, upsets this tradition by being one of the best revenue producers at this moment working for Uncle Sam. On an investment of about \$230,000, which is what the section has cost, it has brought in \$15,138,000 and established claim to another \$30,085,000 which is beginning to look more like real money all the time. In fact, collections are reported to be quite brisk since a group of congressmen and the Department of Justice have started to outdo each other getting after the war profiteers. Not long ago a firm, without waiting for a statement of account sent in a check for \$200,000. The auditors presently will inform the firm in question whether their contribution is too much or too little. There has been an intimation from unofficial sources that it is about \$600,000 shy of what may ultimately be requested. Everyone except the contractors who are trying to cheat the government is interested in the welfare of the contract audit section, and was gratified recently when it was granted an appropriation of \$500,000 which will enable it to almost double its facilities.

(Continued next week)

THE LIHUE STORE HOLIDAY

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Specialties in Grocery Department

Burham's Clam Boullion, Libby's Boullion Cubes, Whole Clams, Minced Clams, Clam Chowder, Cream Cheese, Edam Cheese, Chili Cheese, Swiss Cheese, Limburger Cheese, Maclaren Cheese, Jack Cheese, Grated Cheese, Kelly's Mango Chutney, Daw-Sen Chutney, American Biscuit Co.'s Crackers and Cakes, Arnott's Cakes and Cookies, Marshmallow Cream, Anchovies, Anchovy Paste, Caviar, Fish Flakes, Luncheon Haddies, Kipperd Herring, Carlo Herring, Beardsley's Boneless Herring, Rick's Mackerel, Red Alaska Salmon, Findon Haddock, Kipperd Snacks, Imported Sardines, Smoked and in Oil, Sardines in Tomato Sauce, Sardine Paste, Rubidoux Tuna, Fancy Blue Flag Crabs, Red Jacket and Sea Crest Lobsters, Blue Point, Maryland and Parrot Oysters, Dunbar and Boiled Shrimps, Canned Apricots, Blackberries, Cherries, Fruit Salad, Grapes, Loganberries, Peaches, Pears, Pineapples, Raspberries, Strawberries, Dried Apples, Apricots, Currants, Dates, Figs, Peaches, Prunes, Raisins, Rosario Marmalade, IXL Jams, Kelly's Papaya and Pineapple Marmalade, Libby's Peach, Apricot, Strawberry and Blackberry Jam; Pauls Apricot, Peach, Loganberry, Strawberry and Raspberry Jam; "Phez" Blackberry, Peach and Plum Jam; Assorted Jellies; Marasca Cherries; Underwood's Deviled Chicken and Ham; IXL Liver Paste; Enchiladas and Tamales; Pate de Foie Gras; R&R Boned Chicken; Heinz Mince Meat and Plum Pudding; Libby's Mince Meat; R&R Plum Pudding; Olives; Chow-Chow; Relishes; Condiments; National Biscuit Co. Crackers and Cakes; Pickles.

In the Tobacco Section

CIGARS: Americus, Alhambra, Burns, Caswell Club, Champagne, Chancellor, El Camino Real, El Dallo, El Palencia, El Tovar, Jean Valjean, La Corregidora, La Insular, Optimo, Owl, Vamp, Van Camp, "J.D.", Van Dyke, Vega del Rey.

CIGARETTES: Camel, Caporal, Capstain, Chesterfield, Fatima, Herbert Tareyton, Home Run, La Marquise, Lucky Strike, Melachrinio, Milo Violets, Murad, Old Mill, Omar, One Eleven, Pall Mall, Phillip Morris, Richmond Straight Cut, Three Castle.

SMOKING TOBACCO: Blue Boar, Cross Cut, Craven Mixture, Curve Cut, Dukes Mixture, Durham, Edgeworth, Five Brothers, Good Smoke, Herbert Tareyton, Imperial Cube Cut, E. C. C. Mixture, John Cotton, Prince Albert, Red Indian, Tuxedo, Union Leader, U. S. Marine, Velvet. Pipes, Pouches, Cigar and Cigarette Holders, Cigarette Cases.

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